



Office of Rental Assistance and Homeless Solutions

FY '11 Round 2 Emergency Solutions Grant Funds

Policy and Procedures

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I. Program Description

FY '11 Round 2 ESG funds were awarded by HUD under the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act). The HEARTH Act improves administrative efficiency and enhances response coordination and effectiveness in addressing the needs of homeless persons. The Act adds short- and medium-term rental assistance and services to rapidly re-house homeless people, and places greater emphasis on helping people quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. In addition, the HEARTH Act provides grantees with the programmatic framework to maximize communitywide planning and strategic use of resources, and to improve coordination and integrate with mainstream services to increase efficiency, including services funded by other programs targeted to homeless people.

HUD drew from its recent program experience with the Homelessness Prevention and Rapid Re-Housing Program (HPRP), a temporary program, to establish the regulations for the ESG program, a permanent program. **These funds must exclusively be used for homelessness prevention assistance, rapid re-housing assistance, Homeless Management Information Systems (HMIS), and administration.**

II. Grant Terms

Grants will begin on September 1, 2012 through August 30, 2013. It is required that 100% of the funds be expended by August 31, 2013. Prior to the end of the first six months, the CoC Body and grantee will be evaluated based upon performance, data collection, and use of funds. Funds may be redistributed based upon this evaluation.

MSHDA funds can be used as a cash match for the HUD/Supportive Housing Program (SHP). Therefore, communities seeking to help local projects address HUD's requirement for matching funds for supportive services, transitional housing operations, permanent supportive housing operations, and HMIS (Domestic Violence Agencies use alternative system) implementation under the McKinney-Vento Supportive Housing Program (SHP), may utilize MSHDA ESG funds to help fulfill these obligations.

III. Target Population

This program is targeted to individuals and families who "but for" this assistance will become or remain homeless. MSHDA is requiring file documentation to verify need, as defined on the Homeless Certification, Form No. 2, and At Risk of Homeless Certification, Form No. 3. The amount of funds that will be available to recipients will likely not be enough to serve all persons at risk of homelessness; communities must prioritize funding as follows:

Rapid Re-housing: Certified Homeless, Category 1 – Only

Target

1. Homeless Individual with a Disability, as defined by HUD. (See ESG Form No. 4)
2. Chronically Homeless (See ESG Form No. 2)
3. General Homeless (See ESG Form No. 2)

Prevention: **Certified Homeless: Categories 2-4**
 Certified At Risk: Categories 1-3

Target

1. Those closest to going to a shelter, car, or the street.
 - Risk factors for those most in need would include:
 - Extremely low incomes;
 - Criminal histories;
 - Behavioral health issues;
 - Poor employment histories.

Risk factors that make finding and maintaining housing more challenging should be used to screen people into assistance rather than screening them out.

IV. Use of the Funds:

There are four categories of eligible activities for these funds:

1. Administrative Costs;
2. HMIS/Data Collection and Evaluation;
3. Financial Assistance;
4. Housing Stabilization Services.

These eligible activities are intentionally focused on housing—either financial assistance to help pay for housing or services designed to keep people in housing or to obtain housing. This assistance is *not* intended to provide long-term support for program participants, nor will it be able to address all of the financial and supportive services needs of households that affect housing stability. Rather, assistance should be focused on housing stabilization, linking program participants to community resources and mainstream benefits, and helping participants develop a plan for preventing future housing instability.

Administrative Costs are limited to seven percent (7%) of the total grant amount. MSHDA is passing on all administrative funds directly to local grantees. Eligible expenses include:

- Space costs (office space, utilities);
- Communication costs (printing, telephone, copying, postage);
- Supplies (paper, files for documenting client cases);
- Accounting for use of grant funds;
- Staff training for those who will administer ESG or provide direct services to eligible participants;
- Supervisor's pay only if directly relates to supervision of ESG staff;
- Bookkeeping costs (includes bookkeeping costs associated with financial assistance, housing stabilization services, and writing/accounting for checks made out to vendors).

Documentation for administrative costs includes timesheets or a log of hours spent working on ESG administrative activities, invoices for supplies/materials, phone bills, utilities etc.

Administrative fees *do not include* the costs of issuing financial assistance, case management staff, HMIS data input, cost of conducting housing inspections, and other operating costs directly related to serving the target populations (see Housing Stabilization Services). These costs should be included under one of the other eligible activity categories.

HMIS/Data Collection and Evaluation will be conducted via HMIS. Cost associated with data collection is limited to three percent (3%) of the total grant amount. The HEARTH Act requires that data collection and reporting for ESG be conducted via HMIS. Funds allocated for this purpose cannot replace existing funding from local, state and federal sources.

Financial Assistance is available for persons who are income eligible, have a demonstrated housing crisis, and lack necessary resources. Funds must be targeted based upon individual assessments of personal need. Each program participant must have a *Housing Plan* developed that identifies defined goals, outcomes, and timelines that provides a framework for achieving housing stability.

The following criteria must be met for people who are homeless or those who are at risk of homelessness to qualify for resources and/or support under this program:

- An initial consultation with a Housing Resource Specialist to determine need must be held and documented on HMIS and in the client's file. The households must meet the following circumstances:
 - a) No appropriate, subsequent housing options have been identified; **AND**
 - b) Lacks the financial resources and support networks needed to obtain immediate housing or remain in their existing housing, **AND**
 - c) Have **income below 30% AMI**.

Financial assistance is limited to the eligible activities outlined in the Activity Chart (see pages 22-25).

- **A minimum of 15% of the total Grant allocation for Prevention Activities, including housing stabilization services** (for households who are certified as Homeless, Categories 2-4: and certified as At Risk, Categories 1-3).
- **A minimum of 75% of the total Grant allocation to Rapid Re-Housing, including housing stabilization services** (for individuals who are certified Homeless in Category 1- only).

Housing Stabilization Services - Funds must be used to create and implement a comprehensive, easily accessible service and housing response system that addresses the needs of those who are homeless or at serious risk of homelessness.

Eligible activities include:

- Housing stabilization services include arranging, coordinating, linking and monitoring the delivery services that assist participants to obtain and sustain housing stability; this includes the salary of the Housing Resource Specialist(s);
- Transportation/travel for supportive housing stabilization services, i.e. visit a participant.
- Costs associated with cell phones for support housing stabilization services.

HARA/Housing Resource Specialist Duties

- Meet with the program participant **monthly**. If the participant does not attend, the agency may terminate assistance. Federal policy states, this should be done only in extreme cases, and the termination process must include: 1) written notice; 2) review of decision in which the participant can document any objections; 3) final notice.
- Provide housing stabilization services that include arranging, coordinating, linking and monitoring the delivery of services that assist participants to obtain and sustain housing stability.
- Monitoring program participant progress.
- Assuring that the rights of participants are protected.
- Development of individualized housing plans for each program participant.
- Assist participants in locating and obtaining housing.
- Credit counseling, when needed;
- If leasing assistance is provided, costs associated with completing Housing Habitability Standards and Lead-Based Paint inspections and determining FMR's;
- File documentation of three rent comparable if leasing assistance and/or security deposit is provided;
- Mediation and outreach to property owners related to locating or retaining housing, when needed.
- Legal services as needed to prevent the loss of rental housing. (To provide these services, grantees are expected to work with existing non-profit legal services providers.)

V. HARA Intake, Assessment, and Housing Plan

Intake - The initial point of contact includes prioritizing households based on the severity of their housing crisis and targets the most appropriate response. The intent is to discern *primary* need and the *urgency* of the need.

- All households will be screened either by phone or in person.
- Protocol must be developed between HARA and a crisis line, e.g. 211, taking calls during non-traditional work hours. The crisis line, e.g. 211, must make callers aware that he/she should contact the HARA when their office reopens.
- Households who are presented with immediate safety issues will be re-directed appropriately (Domestic Violence or 911.)
- Intakes are required to determine primary issues.
- If the intake concludes there is **not an immediate housing** need (but other needs are present), households will be referred to the appropriate resource to address the need (e.g. food assistance through DHS, mental health through CMH, etc.), and a housing plan is not necessary.
- If the intake concludes there **is an immediate housing need**, households will proceed to a full housing assessment or be scheduled for a housing assessment within two business days if possible.
- Sharing of client information – an executed sharing QSOBAA to allow sharing within HMIS between agencies.

Assessments – Depending on the urgency and priority identified in the intake, the HARA will conduct a comprehensive housing assessment with the household. The assessment, at a minimum, will identify the housing needs of the household. The assessment will function as the basis for creating the Housing Plan which serves as the foundation for resource coordination and resolution of the housing crisis. Housing assessments will be done through HMIS.

- Housing Resource Specialists must utilize the assessment tool within HMIS, focusing on issues related to obtaining and maintaining housing. Assessments will be conducted in person.
- Housing Resource Specialists will identify the most appropriate resources for which the household may be eligible and provide this information to the household both verbally and in a written form as part of the Housing Plan.
- If the household agrees, the Housing Plan can be shared with other providers to assist in obtaining resources or housing.

Housing Plan

A Housing Plan must be completed for all individuals that receive a housing assessment **and** are determined eligible for services. (If the household does **not** meet program eligibility, e.g. over income, a housing plan does **not** need to be done.) The Housing Plan is intended to be a guide for both the household and the service agencies. Housing Plans must be framed to include:

- A focus on obtaining or maintaining housing;
- Defined goals, outcomes and timelines, as well as documentation of frequency of meetings for follow-up;
- An identification of needed community resources;
- Referrals to mainstream services, as needed;
- An attached copy of the housing assessment.

Intake, Assessment, and Housing Plan are standardized forms within the HMIS System, and a copy of these forms must be maintained in the client file.

MSHDA has not prescribed a time limit for households to find housing. These funds are targeted as shown in Section III: Target Population and then utilized on a first-come/first-serve basis until exhausted. The expectation is that case managers/housing resource specialists will work closely with households to secure housing.

Individual(s) receiving TBRA or HCV (also known as rental assistance) may receive housing stabilization services (such as credit repair/mediation and housing search/placement) if they meet ESG eligibility criteria and without stabilization services would become homeless. **They cannot receive ESG funds for Prevention assistance.** (This simply means they are eligible for ESG **case management** services; however, they are not eligible for financial assistance.)

Homeowners and renters living in condemned property are at risk of homelessness and may be eligible for Prevention assistance (not Re-housing) if the household meets ESG eligibility criteria, has proof of condemnation, and will become homeless but for this assistance.

Ineligible Activities

These funds cannot be used for shelter operations, to expand the number of beds in an existing shelter, to supplant existing mainstream resources or for mortgage payments. Payments can only be made to third parties, such as landlords; payments cannot be made to program participants. In addition, an assisted property may not be owned by the grantee, sub-grantee or the parent, subsidiary or affiliated organization of the sub-grantee.

2nd Round ESG funds **cannot** be used for:

- Continuum of Care Coordinating Expenses
- Emergency shelter;
- Pay for foreclosure prevention;
- Pay rental assistance for rent to own/lease to purchase;
- Provide Prevention Assistance to help those on Section 8 (whether it's a MSHDA Section 8 or another Public Housing Authority Section 8);
- *Provide assistance (pay security deposits and/or utility payments etc.) to those living in subsidized housing with the exception for a new voucher holder. See detail below;
- Assist a household with their rent if they have a project-based voucher;
- Assist individual(s)/households in transitional housing;
- Set aside money for individual(s) who may be at risk of losing their job;
- Assist the homeless or those at risk of becoming homeless to expunge and/or pardon their criminal records or for re-entry advocacy to help ex-offenders get jobs;
- Pay rent bills from a previous address;
- Pay utilities and/or rent for tenants renting a unit owned by a family member.
- Shelter-focused case management;
- Mortgage payments or mortgage refinancing costs to make housing affordable;
- Rental assistance payments cannot be made on behalf of eligible individuals or families for the same period of time and for the same cost types that are being provided through another federal, state or local housing subsidy program;
- Moving Expenses (funding for this activity is available through State Emergency Relief (SER));
- Motel/hotel Vouchers (funding for this activity is available through the statewide DHS shelter contract with The Salvation Army);
- Furniture (Grantees are encouraged to use existing community sources);
- Pet Care;
- Construction or rehabilitation;
- Credit card bills or other consumer debt;
- Car repair for program participants;
- Food;
- Medical or dental care and medicines;
- Clothing and grooming;
- Entertainment activities;
- Work or education related materials;
- Cash assistance to program participants;
- Development of discharge planning programs in mainstream institutions such as hospitals, nursing homes, jails, or prisons. *However*, persons who are being imminently discharged into homelessness from such public funded institutions are eligible to receive financial assistance through ESG;
- Payment of licenses, certifications, and general classes (classes not specifically related to these funds)

* **New** voucher holders may receive security deposit and utility deposit assistance for re-housing through ESG if they cannot obtain the funds from the Department of Human Services (DHS). This does not change current policy on payment of utilities for voucher holders. By **new** voucher holders MSHDA is referring to those who have not yet received rental assistance as a result of a housing voucher, i.e. new to a Housing Voucher Program. This includes all Housing Voucher Programs, such as Section 8 Housing Choice Vouchers, Project Based Vouchers, and Veteran's Assistance Supportive Housing (VASH) Vouchers. A copy of the DHS Denial Letter must be maintained in the client's file.

VI. Eligibility Determination and File Documentation

Client Files - The HARA is required to maintain all Financial Records for their ESG clients; partnering agencies may retain the participant's file information. All participant files must be documented using the forms provided by MSHDA as outlined on the Client File Checklist. A copy of the Intake, Assessment, and Housing Plan must be maintained in each client file. These documents may be printed from Service Point in HMIS. Files must also contain case management notes.

Identification Documentation

There must be identification documentation for all household members whether receiving case management and/or financial assistance. Documentation may be a copy of the following:

- Driver's License
- Social Security Card
- Medicaid Card (as a last resort *for children only*)
- Birth Certificate
- Passport

Release of Information Form – HMIS

A Release of Information form must be signed by each household member age 18 or older with a copy in file.

214 Status – ESG Form No. 1 (Prevention and Re-housing)

ESG assistance is available only to individuals who are US citizens, US nationals, or noncitizens that have eligible immigration status. *At least one family member must be a citizen, national, or noncitizen with eligible immigration status in order for the family to qualify for assistance.*

Homeless Certification (Re-Housing Assistance and Prevention) – ESG Form No. 2

Must complete the Homeless Certification indicating current living situation and provide the appropriate documentation as indicated on the form.

At Risk of Homelessness (Prevention Assistance) – ESG Form No. 3

Must complete the At Risk of Homelessness Certification indicating current living situation, and provide the appropriate documentation as indicated on the form.

Disability Certification– ESG Form No. 4 (Re-housing and Prevention)

Must complete the Disability Certification to prioritize those receiving Re-housing assistance

Self-Certification – ESG Form No. 5 (Prevention and Re-housing)

Must be completed if required verifications/other documents cannot be provided and self-certification is the only way to verify information to determine program eligibility. Note that it is up to the CoC whether or not to allow self-certification.

Waiver of State Emergency Relief (SER) Denial Letter – ESG Form No. 6 (Prevention and Re-housing)

If any of the following scenarios apply, individual(s) would be ineligible for SER and will receive an immediate denial from DHS. In such cases, the HARA or sub-grantee may use the Waiver in place of an SER denial **for providing rental assistance, paying rental arrearages, and security deposits only.**

Staff Affidavit - ESG Form No. 7 (Prevention and Re-housing)

ESG staff and supervisor must sign the Staff Affidavit certifying that the person/household meets all requirements to receive assistance under the ESG and that all of the information provided is true and complete to the best of their knowledge. It further certifies that the person(s)/household receiving assistance has not resulted, nor will result, in a personal or financial interest or benefit for Agency Staff or for anyone with whom they have family or business ties.

Verification of Income

All sources of household income must be verified and documented at intake and every 3 months to determine program eligibility. To be eligible for assistance, gross household income must be below 30% area median income (AMI) for the county in which the household is residing.

	Verify and Document Income	
	Intake/Screening	3 month re-certification
ESG Homeless Prevention	X	X
ESG Rapid Re-housing	X	X

Income must be verified and documented for the following household members.

Whose Income is Counted?		
Members	Employment Income	Other Income (unearned income including income from assets)
Head	Yes	Yes
Spouse	Yes	Yes
Co-Head	Yes	Yes
Other Adult(s)	Yes	Yes
Dependents	No	Yes
Non-Members		
Foster Child	No	No
Foster Adult	No	No
Live-in Aide	No	No

Verification Tracking of Income – ESG Form No. 8 (Prevention and Re-housing)

Agencies must record all attempts (phone logs, email correspondence, copies of certified letters etc.) to obtain required verifications in the order specified. Staff must provide an explanation (details of outcome including obstacles) on the form if utilizing verification out of the hierarchy sequence.

The following order must be followed for verifying household income:

1. Third party verification
 - Source: (Notices/Statements) – provided by the client
 - Notices: eviction, job termination etc.
 - Statements: wage (paystub), Social Security, Bank Checking/Savings, on-line print-out ledgers, child support
 - Notices/Statements are official communication on letterhead template;
 - Signed and dated as appropriate
1. Third party verification (cont.)
 - Written: (Letters/Referrals) – completed by employer, bank, etc. – not provided by client
 - Housing history (eviction related details, living situation and length of stay details)
 - Economic hardship (letter citing inability to work or recent termination), etc.
 - Official communicate (issued on agency stationary or program template)
 - Signed and dated by appropriate representative of third party
 - Oral: (recorded oral statement on ESG Form No. 8)
 - By intake staff
 - Of 3rd party providing verification
 - Signed and dated by intake staff as true and complete
2. Intake Observation - (not appropriate for documenting income)
3. Self-Certification – client completes Self-Certification ESG Form No. 5
 - Written statement certified (signed and dated as true and complete)
 - Representative of current income

Verification of Income – ESG Form No. 9 (Prevention and Re-housing)

If household income cannot be verified with third-party source documents (provided by the client), Agency must request the income information from income source (i.e. employer/bank etc.).

Calculation Worksheet - ESG Form No. 10 – (Prevention and Re-housing)

The Calculation Worksheet must be completed at intake and every 3 months to determine eligibility for ESG assistance. To be eligible for ESG assistance the gross annual household income must be **below 30% AMI**. Income is annualized to project gross annual income; there are no allowances/deductions from the household's gross income. **MSHDA and HUD are not requiring the household to pay any part of their income towards rent. However, a CoC can decide what percent of the household's income is paid toward rent.** Tenant rent can range from zero **up to 30% of the household's income**. Files must be documented to verify how monthly rental rates were established.

Income Inclusions and Examples of Acceptable Documentation:

- Earned Income (Wages and Salary)
 - Payment statement
 - Statement of income from employer/source of income
- Self-Employment/Business Income
 - Most recent Financial Statement
- Interest and Dividend Income
 - Most recent interest or dividend income statement
- Pension/Retirement Income
 - Most recent benefit notice, pension statement or other payment statement from pension provider
- Armed Forces Income
 - Payment statement
 - Statement of income from government official/agency
- Unemployment and Disability Income
 - Most recent benefit or disability income notice from SSI
 - Statement from SSI
- Public Assistance, including TANF
 - Most recent benefit or income notice from public assistance administrator
 - Statement from public assistance administrator
- Alimony and Child Support
 - Court Order
 - Most recent payment statement
- No Income Report
 - Self-certification

Income Exclusions:

- Food stamps;
- Foster children and foster adult care payments;
- Scholarships and Grants;
- Resident Service Stipend—not to exceed \$200/month (if more than \$200/month the entire stipend (including the \$200) is included as income.

Calculating Income:

The requirements for determining whether a family is eligible for assistance requires intake staff to project or estimate the annual income the household expects to receive. Generally, current circumstances must be used to anticipate income and annual income is projected by annualizing current income.

Convert all income to an annual figure by multiplying the pay rate by the frequency of payment:

- Multiply hourly wages by the number of hours worked per year. Full-time employment (40 hours a week and no overtime) is 2,080 hours (40 hrs. X 52 weeks = 2080 hours). (10 hours a week X 52 weeks = 520 hrs. per year).
- Multiply weekly wages by 52.
- Multiply bi-weekly wages by 26.
- Multiply semi-monthly wages by 24.
- Multiply monthly wages by 12.
- Multiply daily wages by 260 (full time/no overtime).
- To convert monthly amount to weekly, divide by 4.3.
- Round up to the nearest dollar at .50 and above (except SS payments, which are always rounded down).
- **Unemployment compensation should be calculated assuming current circumstances will last a full 12 months. If changes occur later in the year, an interim recertification can be conducted to change the family's rent.**

Calculating Income from Assets:

When calculating income from assets, include assets of all household members *including assets of minor children*. **Income earned from assets is included in the gross income calculation (not the actual value of the asset).** If a program participant has a savings account with a \$500.00 balance, earning 1% interest, \$5.00 would be added as household income

Assets Include:

Bank Accounts
Life Insurance policies
Lump sum additions
Personal Property held as Investments
Retirement/Pension funds
Trusts
Assets disposed of for less than Fair Market Value
Stocks, Bonds, Mutual Funds, etc.
IRA, Keogh, Annuities and Similar Retirement Accounts

Assets Exclude:

Necessary Personal Property
Assets not Accessible to Family
Business or Farming Operation Assets
Interest in Indian Land trusts
Equity in Cooperatives & Manufactured Homes
Vehicles/Special Equipment for Disabled

The calculation to determine the amount of income from assets to include in annual income considers both of the following:

- The total cash value of the family's assets; and
- The amount of income those assets are earning or could earn.

The rule for calculating income from assets differs depending on whether the total cash value of family assets is \$5,000 or less, or is more than \$5,000.

If the total cash value of the family assets are:

- Less than or equal to \$5,000:
 - Use the actual income earned from assets (i.e., interest and dividends); or
- Greater than \$5,000, use the greater of:
 - Actual income earned from assets, or
 - Imputed income from assets based upon passbook rate approved by HUD (2%). (Imputed Income is HUD's approved passbook rate multiplied by the total cash value of assets).

Checking/Savings Accounts

- The cash value of a checking and savings account is the current balance.

VII. Housing Documents

Lease

A lease is required for households receiving financial assistance. Financial assistance includes: rental assistance, security deposits, rental arrearages and utility payments/deposits. All household members must be listed on the lease and a copy of the lease must be maintained in the client file. For individuals moving into a new unit, the unit must meet habitability standards before the lease is signed and the household moves in. For households already residing in a unit, the unit must meet habitability standards before financial assistance can be provided.

If rental arrearages are paid, the participant must have had a valid lease in place covering the arrearage period. The arrearage amount paid each month cannot exceed the FMR.

If the Landlord agrees to lower the rent to comply with the FMR, a new lease or lease addendum needs to be signed stating the new rental amount and a copy placed in the file. The rent amount charged after the household's leasing assistance has ended is between the landlord and the tenant.

Lease Approval - ESG Form No. 11 (Prevention and Re-housing) (Optional)

The Lease Approval form is completed by the applicant and landlord to request the ESG Program Administrator's approval of the unit for which the applicant has elected to receive rental assistance. This form, completed by the case worker, serves as a briefing for the participant informing them of the FMR, unit size the household is eligible for, and their portion of the monthly rent. The

portion of the form completed by the landlord provides size of unit, year built, and who is responsible for utilities. This applies to Prevention clients such as those doubled-up having to move into a new unit and Re-housing clients.

Rent Reasonableness - ESG Form No. 12 (Prevention and Rehousing)

For Prevention and Rapid Re-Housing rent comparables are required for all households receiving security deposits and leasing assistance. ESG assisted units must rent for a reasonable amount, compared to rents charged for comparable, unassisted units. Grantees must document the basis for their rent reasonableness determinations. The prescribed form provides a rent analysis for three (3) comparable unassisted units. Although it is acceptable to use three (3) unassisted units in the same apartment complex, it is recommended that two comparable units be located in other complexes/locations. Michigan Housing Locator (www.michiganhousinglocator.com) may also be used to determine rent reasonableness.

Notice of Inspection – ESG Form No. 13 (Prevention and Re-housing)

All units must meet habitability standards before financial assistance can be provided (i.e., rental arrearages, leasing assistance, security deposits). Landlords and tenants must be notified of the date and time of the inspection and the tenant or the landlord or an adult representative **must be present** at the housing unit during the inspection.

Habitability Standards Inspection Form – ESG Form No. 14 (Prevention and Re-housing)

All units must meet Habitability Standards before financial assistance can be provided. For individuals moving into a new unit, the unit must meet Habitability Standards before a lease is signed and the household moves into the unit.

Inspection Deficiencies Notice - ESG Form No. 15 (Prevention and Re-housing)

If a unit fails to pass a Habitability inspection, the owner must be notified in writing of the specific deficiencies and the necessary corrective action must be completed within a specified timeframe. *Landlords and tenants* should be given a reasonable period of time (i.e., 24 hours for emergency conditions or 30 days for less serious conditions) to correct the deficiencies. If repairs cannot be made because of inclement weather, the Landlord must complete the Delayed Exterior Repair Agreement (ESG Form No.15) stipulating that needed repairs will be completed by the due date(s) specified on the form.

Delayed Exterior Repair Agreement – ESG Form No. 16 (Prevention and Re-housing)

If repairs cannot be made because of inclement weather, the Landlord must complete the Delayed Exterior Repair Agreement stipulating that needed repairs will be completed by the due date(s) specified on the form.

Lead-Based Paint Inspection (ESG Form Nos. 17, 18, and 19)

Lead-Based Paint Inspection is required for Prevention and Rapid Re-housing for properties if built before 1978 and if a child age 6 or younger or a pregnant woman will be residing in the unit. The inspection may be visual; however, if the child age 6 or younger has been identified with an Identified Environmental Intervention Blood Lead Level, the inspection must be done by a Certified Lead-Based Paint Risk Assessor (ESG Form No. 18). All households must be provided with the HUD pamphlet, *Protect Your Family from Lead in Your Home*, if rental assistance is provided beyond 90 days.

W-9 Request for Taxpayer Identification No. and Certification (ESG Form No. 20)

Landlords receiving rent payments must provide the HARA with their Taxpayer Identification No. using the W-9 (ESG Form No. 13).

VIII. Program Support Information

Occupancy Standards:

MSHDA has developed occupancy standards that comply with HQS requirements and outline how the number of bedrooms required by the household will be determined. The following basic standards can be modified to take into consideration specific household composition and circumstances (i.e., pending child custody cases, chronic illnesses, family member who is absent most of the time).

- No more than two persons are required to occupy a bedroom;
- Persons of different generations (i.e., grandparents, parents, children), persons of the opposite sex (other than spouses/couples) and unrelated adults are not required to share a bedroom;
- Children of the same sex (regardless of age) and couples co-habiting (whether or not legally married) must share the same bedroom for purpose of assigning the number of bedrooms;
- A live-in care attendant who is not a member of the family is not required to share a bedroom with another household member;
- Individual medical problems (i.e., chronic illness) sometimes require either separate bedrooms for household members who would otherwise be required to share a bedroom or an extra bedroom to store medical equipment;
- In most instances, a bedroom is not provided for a family member who will be absent most of the time, such as a member who is away in the military.

Occupancy standards are used to provide consistent criteria for determining the unit size for which the household is eligible and thus, the amount of assistance to be provided. Fair housing rules permit a household to select smaller units that do not create seriously overcrowded conditions. A tenant may select a larger unit if it meets the FMR for the actual number of bedrooms for which they are eligible according to the eligibility guidelines. Tenants are not allowed to give the landlord additional funds for larger units.

- *Undersized Units:* If a family elects to occupy a unit with fewer bedrooms than specified in the Occupancy Guidelines, the Payment Standard is based on the *actual* number of bedrooms;
- *Oversized Units:* If a family elects to occupy a unit with more bedrooms than specified in the Occupancy Guidelines, the FMR is based on the number of bedrooms specified in the Occupancy Guidelines.

If an additional bedroom is required for an individual who would normally be required to share a room, the reason must be documented in the file. For example: If an additional room is needed because of a medical condition, documentation may be a note from their doctor; otherwise, if the case manager determines an additional room is needed (medical condition, care-giver, medical equipment etc.) the case manager must document the reason in the case management notes.

In cases where college students and children staying only for weekends etc., the amount of time spent in the unit should be taken into consideration before assigning additional bedroom(s). ESG assistance is short-term and a smaller unit is acceptable if it does not create serious overcrowding; a living room can be counted as a sleeping room. If student/children will be in the unit the majority of the time and future rent will not be a burden, then an additional bedroom can be assigned.

A separate bedroom cannot be issued for an unborn child. Once the baby is born a second bedroom can be issued unless the baby has an older, same sex sibling who has already been issued a bedroom.

Fair Market Rent

For ESG the contract rent must be equal to or less than the FMR. For Prevention households, payment for rental arrearages and rental assistance must also comply with the FMR; if the Landlord is not willing to comply with the FMR, the household must be moved to another unit. If the contract rent exceeds the FMR, households are not allowed to pay the difference.

Deposits and Non-Refundable Fees

For Rapid Re-housing assistance, the security deposit cannot exceed one (1) month's rent (limited to one per household) and utility deposits are a maximum of \$200 per occurrence. Deposits will remain with the household. Nonrefundable fees such as cleaning fees and late fees **cannot** be paid from ESG funds. Security Deposits are not included on the IRS 1099 form (include only rent amounts paid to the Landlord).

Participation in Support Services

Support services cannot be mandated for individual(s) receiving ESG assistance. Households who are income eligible but fail to make an effort to find employment, secure income, apply for other rental assistance programs etc. although they demonstrated the ability to sustain housing at the time of entry cannot have their assistance terminated based on this criteria. Participants enter as eligible for three (3) months; they cannot be promised any certain length of assistance (i.e. assistance will be offered/paid month-by-month within the qualifying limits).

Financial Status Requests (FSR)

- FSRs are created and submitted via HALO by the fiduciary only.
- Pre-disbursement conditions must be met prior to submitting the initial FSR.
- ★ A FSR with a current report period end date of June 30th must be submitted in HALO no later than August 15th of each year. (This is required because of the end MSHDA's fiscal year.)
- Progress Reports must be up-to-date before a FSR can be approved.
- Two options for draws: 1) Advance basis 2) Reimbursement basis

Option 1: Advance FSRs Submission

FSR #1: 50% of the total grant award must be requested
FSR#2: When 75% of the first advance has been expended you may request an additional 25% of the total grant award
FSR#3: When 75% of the total grant has been expended you may request the remaining 25% of the grant award
FSR#4: Submit a final FSR to show expended funds – Due no later than September 30, 2013

Option 2 – Reimbursement FSRs

<u>Due Dates</u>	<u>FSR Submissions</u>
March 31, 2013	FSR#1: <ul style="list-style-type: none">Grantees <u>MUST</u> submit FSR – report expenditures from 9/1/2012 to 2/28/2013
September 30, 2013	FSR#2: <ul style="list-style-type: none">Grantee <u>MUST</u> submit final FSR – report expenditures from 3/1/2013 to 8/31/2012

Program Participant Termination – Formal Due Process

Grantees terminating a program participants' ESG assistance for violating program requirements must provide a formal termination process that recognizes the rights of individual(s) to due process of law. ***The formal process is only required after a participant has received assistance and is then terminated from receiving continued assistance.*** This process, at a minimum, must consist of the following:

- Written notice to the program participant containing a clear statement of the reasons for termination;
- A review of the decision, in which the program participant is given the opportunity to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination; and,
- Prompt written notice of the final decision to the program participant.

If a participant is deemed ineligible to receive ESG assistance, Grantees must document the reasons for denial and inform the applicant(s) in writing of the denial.

Assistance to a program participant who has been terminated from the program may resume at a later date. ESG assistance will be determined on a case-by-case basis for individual(s) who have lost their Section 8, TBRA, or Shelter Plus Care vouchers due to program violations, eviction, or misconduct eligibility. Case managers/housing resource specialists may contact their Homeless Assistance Specialist for guidance.

Fraud Procedures

When an agency finds or hears of fraudulent use of ESG funds, they are required to report the situation via e-mail to their ESG MSHDA Program Specialist. MSHDA will, in turn, inform the local HUD office.

Quarterly Progress Reports

- *Progress Reports are submitted to MSHDA by the Fiduciary only.*
- *Data (clients served) is entered on the HMIS system*
- *Domestic Violence grantees utilize the alternative system for reporting*

- Progress Reports are **submitted quarterly**, due by the end of the month after the end of the quarter (see schedule below).
- The report must be signed by the Executive Director or Authorized Official for your agency.

ESG Quarterly Progress Report Schedule

Quarter	Reporting Period	Submission to MSHDA Deadline
1 st quarter	September 1, 2012 – November 30, 2012	December 31, 2012
2 nd quarter	December 1, 2012 – February 28, 2013	March 31, 2013
3 rd quarter	March 1, 2013 – May 31, 2013	June 30, 2013
4 th quarter	June 1, 2013 – August 31, 2013	September 30, 2013

The HARA must also submit a final Cumulative Report covering period 9/1/2012 – 08/31/2013. This report must be mailed to Juliann Kline at MSHDA and is due on September 15, 2013.

IX. Other Federal Requirements

Recipients must comply with the following other federal requirements: Fair Housing Act; Uniform Administrative Requirements; Nondiscrimination in Federally Assisted Programs; Age Discrimination Act; American's with Disabilities Act; Equal Employment Opportunity Programs; Monthly Business Enterprises; Women's Business Enterprise; Drug Free Workplace; Debarred, Suspended, Ineligible Contractors; Affirmative Outreach; Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act.

X. Definitions

Area Median Income: The area median divides the household income distribution into two equal parts: one-half of the cases falling below the median household income and one-half above the median.

Central Intake and Housing Assessment: The Central Intake and Housing Assessment process consists of two parts. The intent of the intake is to discern *primary* need and the *urgency* of the need. The intent of the assessment is to identify barriers to housing to be addressed in the Housing Plan.

Client Releases: Releases that reflect the MOU's to assure all parties charged with caring for clients may share information. A single "Community Release" may be appropriate. (See HMIS for QSOBAA) This agreement/MOU defines the local sharing practice and is required to allow interagency sharing through HMIS (Domestic Violence Agencies use alternative system). Signatories on the agreement include those agencies who are working collaboratively with the person(s) receiving assistance.

Housing Assessment and Resource Agency (HARA): A physical location with consolidated services in a community for homeless individuals/families. The center is the one recognized central point of entry/intake and assessment to ease the process of applying for

resources. A HARA often has consolidated human services, housing assistance and other related services as available. The HARA employs a Housing Resource Specialist(s) who serves the CoC area.

Housing Locator: The Michigan Housing Locator identifies affordable housing and can be found at www.michiganhousinglocator.com. The Housing Locator may be helpful in rapidly re-housing people.

Housing Plan: A Housing Plan must be completed for all individuals that receive an assessment. The Housing Plan is intended to be a guide for both the household and the service agencies.

Housing Resource Specialist: Recognized worker steeped in housing with a basic understanding of rental assistance programs such as TBRA and Shelter Plus Care. This worker knows the local rental housing stock and its turnover rate, area landlords, and the condition of their property.

Housing Resource Specialists must receive training to make the centralized intake and housing assessment process effective. Activities performed by a Housing Specialist include: intake; assessment; creation of a Housing Plan that includes a path to permanent housing stability subsequent to these funds; arrangement, coordination, monitoring, and delivery of services to assist participants to obtain housing stability. Component activities may include: housing counseling, developing, securing, and coordinating services, monitoring and evaluation of program participant progress, and assuring that the program participants' rights are protected.

Key Partners include: CoC Body, HARA, and Grant Fiduciary.

Leasing Assistance: Units cannot exceed MSHDA's payment standards. Leasing payments must be made directly to the Landlord.

Memorandum of Understanding (MOU): A document to define the roles between all parties. Sharing of information is required. (See Client Releases definition above.)

Michigan Statewide Homeless Management Information System (MSHMIS): This system details the homeless demographics in Michigan including the problems they face, the resources used, and where current services are falling short. (Domestic Violence Agencies use alternative system.)

Partners: organizations, agencies and members of the public who fund programs or interact regularly with people in crisis, poverty, or at risk of homelessness. These may include the following:

- Head Start and Early Head Start Agencies;
- Department of Human Services; Child Welfare Agencies; Unemployment Offices;
- WIC Agencies; Hospitals and Health Clinics; Mental Health Agencies;
- Public Housing Agencies; Public Housing Tenant Associations; Property Managers/Landlords;
- Utility Companies;
- Substance Abuse Treatment Programs; Domestic Violence Programs;
- Food Banks; Community Action Agencies; Help Lines (and 211 lines);
- Police; Jails; Prisons; and Probation Offices; Courts;

- Culturally Specific Organizations; Shelters and Homeless Assistance Providers; Veterans Services Organizations; Legal Aid Agencies; School Homeless Liaisons; Community Resource Centers;
- Family Support Centers; Businesses; Workforce Centers;
- Churches and other Faith-Based Organizations

Progress Engagement: Providing just enough assistance to help a household get by each month while providing case management that leads to self-sufficiency.

Residency: ESG assistance must be based upon an individual(s) county of residence; individual(s) cannot receive assistance based on their county of employment. There is no minimal time limit for residency in order to be considered for ESG assistance.

Subsidized housing refers to any housing programs funded by Federal, State, or local government in which rent is based on the tenant's income (such as TBRA, Section 8, TSHLAP, TIPLAP).

ESG funds can be used to place or assist those residing in low income housing tax credit (LIHTC) units, unless subsidized with a housing voucher/subsidy. *Be certain that the tenant does not have a housing voucher/subsidy.*

The owner/landlord cannot occupy the assisted unit and cannot be related to any household member (including parent, grandparent, aunt, uncle, or blood relative).

Strength-based Case Management: The relationship between the case manager and the family is one of advocacy and collaboration. The individual family's strengths and goals are identified. The case manager works with the family to achieve short- and long-term goals, helping them access the necessary services. Although housing is usually the primary goal, this cooperative relationship addresses counseling, education, employment, and life skills goals.

What Is It?

- Strengths-Based Practice assesses the inherent strengths of a person or family, and then builds on them.
- Strengths-Based practice uses peoples' personal strengths to aid in recovery and empowerment.
- It's really about reframing personal perception to find good even in the worst situation.

Why Use It?

- It is an empowering alternative to traditional therapies which typically describe family functioning in terms of psychiatric diagnoses or deficits.
- It avoids the use of stigmatizing language or terminology which families use on themselves and eventually identify with, accept, and feel helpless to change. It is at odds with the "victim identity" -- epitomized in popular culture by the appearance of individuals on television or talk radio sharing intimate details of their problems -- which is inherently self-defeating.
- It fosters hope by focusing on what is or has been historically successful for the person, thereby exposing precedent successes as the groundwork for realistic expectations.
- It inventories (often for the first time in the person's experience) the positive building blocks that already exist in his/her environment that can serve as the foundation for growth and change.

- It reduces the power and authority barrier between the person and therapist by promoting the person to the level of expert in regards to what has worked, what does not work, and what might work in their situation.
- It reduces the power and authority barrier between person and therapist by placing the therapist in the role of partner or guide.
- Families are more invested in any process where they feel they are an integral part.
- And lastly - it works.

QSOBAA (Qualified Services Organization Business Associates Agreement): This agreement/MOU defines the local sharing practice and is required to allow interagency sharing through HMIS. (Domestic Violence Agencies use alternative system.) Signatories on the agreement include those agencies who are working collaboratively with the person(s) receiving assistance.

Uniform Administrative Requirements (UAR): Local governments: see OMB Circular A-87; and non-profits: see OMB Circular A-122. These circulars establish principles and standards to provide a uniform approach for determining allowable costs when working with federal grants. Go to www.hud.gov.

Prevention Financial Assistance – includes activities detailed in the chart below:

Assistance	Qualifications (income below 30% AMI)	GUIDANCE (Payment always goes to a third party.)
<p>Rental Arrearages up to 3 months maximum</p> <p>Leasing Assistance 6 months maximum</p> <p>NOTE: Total per household/per grant year is capped at 6 months of rental assistance for the combination of rental arrearages and leasing assistance – NOT 6 months for each category.</p>	<p>Certified Homeless: Categories 2-4</p> <p>Certified At Risk: Categories 1-3</p> <p>Verified income: Re-certification is required after 3 month assistance (if participant continues to need assistance for months 4-6 income must be re-verified.)</p> <p>Prioritization for those participants most in need by targeting those closest to going to a shelter, car, or the street with the following Risk Factors:</p> <ul style="list-style-type: none"> ➤ Extremely Low Income ➤ Criminal Histories ➤ Behavioral Health Issues ➤ Poor Employment Histories 	<ul style="list-style-type: none"> • Units cannot exceed HUD/MSHDA Fair Market Rent; • Leasing payments must be made directly to landlords; • Lease agreement is required; • Grantees must maintain verification of need, income, and all other pertinent information as required by HUD and MSHDA in the participant's file; • Grantees must create a housing stabilization plan accessible on HMIS, if the recipient is receiving leasing assistance; • Participants must be assisted to apply for resources available through the SER Program administered by DHS, or the participants file must be documented showing them not qualified for SER; • Lead Based Paint requirements apply per ESG PB #3; • HUD Habitability Inspection is required before financial assistance can be provided; • Rent reasonableness is required, i.e. 3 rent comps.

Security Deposit	Available Cannot exceed one month's rent. (Allowed under Prevention if it allows a household to avoid becoming homeless.)	<ul style="list-style-type: none"> Participants must be assisted to apply for resources available through the SER Program administered by DHS, or the participants file must be documented showing them not qualified for SER; Habitability Inspection and Lead Based Paint requirement applies per ESG PB #3. A deposit can be provided with/without leasing assistance.
Utility Deposits	Available Capped at \$200 per household	<ul style="list-style-type: none"> Participants must be assisted to apply for resources available through the SER Program administered by DHS, or the participants file must be documented showing them not qualified for SER;
Utility Arrearages	Available <ul style="list-style-type: none"> For utility arrearages only if they have shut off notice. Capped at \$1,500 per household/per year; NOTE: Total per household/per year is \$1,500 for the combination of prevention and re-housing. Not \$1,500 for each category. 	<ul style="list-style-type: none"> Participants must be assisted to apply for resources available through the SER Program administered by DHS, or the participants file must be documented showing them not qualified for SER.
Legal Assistance	Available <ul style="list-style-type: none"> Capped at \$100 	<ul style="list-style-type: none"> Credit repair, mediation and legal services (court eviction fee) combined cannot exceed \$100 per household. Legal fees must be used to help people stay in their homes.
Identification (ID)	Available <ul style="list-style-type: none"> Obtain IDs 	<ul style="list-style-type: none"> Eligible expenses include: birth certificates, social security cards, and driver's license.
Lead-Based Paint Inspection	<ul style="list-style-type: none"> Required if the household has a child under the age of 6 or pregnant woman and if the property was built prior to 1978. 	<ul style="list-style-type: none"> Lead Based Paint requirement apply to both prevention and rapid re-housing; see Lead Based Paint Policy ESG PB #3.
Habitability Inspection	Required for security deposit, rental arrearages and leasing assistance	<ul style="list-style-type: none"> See for # 14
Housing Quality Standards (HQS)	Not Required	

Rapid Rehousing Financial Assistance- includes activities in detailed in the chart below:

Assistance	Qualifications (if income is below 30% AMI)	GUIDANCE (Payment always goes to a third party.)
<p>Leasing Assistance up to 6 months maximum per year</p>	<p>Certified Homeless: Category 1 <u>Only</u></p> <p>Verified income: * recertification is required after 3 month assistance (if participant continues to need assistance for months 4-6 income must be re-verified.)</p> <p>Target populations:</p> <ol style="list-style-type: none"> 1. Homeless with a Disability – as defined by HUD 2. Chronically Homeless 3. General Homeless 	<ul style="list-style-type: none"> • Units cannot exceed HUD/MSHDA Fair Market Rent; • Leasing payments must be made directly to landlords; • Copy of lease agreement ; • Grantees must maintain verification of need, income, and all other pertinent information as required by HUD and MSHDA in the participant's file; • Grantees must create a housing stabilization plan accessible on HMIS, if the recipient is receiving leasing assistance; • Participants must be assisted to apply for resources available through the SER Program administered by DHS, or the participants file must be documented showing them not qualified for SER; • Lead Based Paint requirements apply per ESG PB #3; • HUD Habitability Inspection is required for Leasing Assistance • Recertification is required quarterly. (Income must be verified and documented at intake/screening and every 3 months); • Rent reasonableness is required, i.e. 3 rent comps.

Security Deposit	Available Cannot exceed one month's rent. (Allowed under Rapid Re-housing, if needed, to assist in getting household in a unit.)	<ul style="list-style-type: none"> Participant must be assisted to apply for resources through SER program administered by DHS, or the participants file must be documented showing them not qualified for SER Habitability Inspection and Lead Based Paint requirement applies per ESG PB #3. Security deposit is available plus up to six months of rental assistance.
Utility Arrearages	Available only if it enables utilities to be turned on at a new address. <ul style="list-style-type: none"> Capped at \$1,500 per household/per year; Note: Total per household/per year is \$1,500 for the combination of prevention and re-housing. Not \$1,500 for each category. 	<ul style="list-style-type: none"> Participants must be assisted to apply for resources available through the SER Program administered by DHS, or the participants file must be documented showing them not qualified for SER. Must have Shut off Notice or Notice of Termination
Utility deposits	\$200 per occurrence	<ul style="list-style-type: none"> Participants must be assisted to apply for resources available through the SER Program administered by DHS, or the participants file must be documented showing them not qualified for SER.
Legal Assistance	Available <ul style="list-style-type: none"> Capped at \$100 	<ul style="list-style-type: none"> Credit repair, mediation and legal services (court eviction fee) combined cannot exceed \$100 per household. Legal fees must be used to help people stay in their homes.
Identification (ID)	Available <ul style="list-style-type: none"> Obtain IDs 	<ul style="list-style-type: none"> Eligible expenses include: birth certificates, social security cards, and driver's license.
Lead-Based Paint Inspection	<ul style="list-style-type: none"> Required if the household has a child under the age of 6 or pregnant woman and if the property was built prior to 1978. 	<ul style="list-style-type: none"> Lead Based Paint requirement apply to both prevention and rapid re-housing; see Lead Based Paint Policy ESG PB #3.
Habitability Inspection	All units must meet habitability standards in order to receive financial assistance.	N/A
Housing Quality Standards (HQS)	N/A	N/A